AFRC PROFESSIONAL DEVELOPMENT COURSE – Module 2

March 2002

PESYSTEMS, INC.

OBJECTIVES AND GOALS

- **Four modules, Six hours each**
- **Objectives**
  - Better able to deal with SPO's and Contractors
  - Understand how contractors are trained
- **Goals**
  - Improve Communications
  - Understand the "Art" of Business Development
  - Pass on Nuggets of Experience and Expertise

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MODULES

- **Module #1 - Long Range Planning (Business Plan)**
- **Module #2 - Program Identification & Qualification (Good investment decisions)**
- **Module #3 - Business Development/ Proposals**
- **Module #4 - Managing the Operations or the Business**

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ADMINISTRATIVE DETAILS

- Breaks
- Lunch
- Phone Calls
- ???

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WHO ARE THE FACILITATORS

Paul Tofte

Lee Puckett

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Review and Overview

- Last time
  - Long Range Planning where we discussed
    - Goals, Strategy, Products, Markets, Budgets
    - Kind of who we are, why we are, and how financial matters affect us
- This Time Module 2 covers
  - Program Identification
  - Program Qualification
  - Gathering up programs to feed the bookings needs of your organization.
  - Finding program possibilities **(**program identification**)** and qualifying **(**program qualification**)** them for pursuing/bidding.
  - Gauging investments to make a profit

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Phases of Marketing

	Prospecting	Identification	Qualification	Development
Time-to-contract	> 18 months	9-18 months	6-9 months	6 months
Information Gathering	POMs, MNS, Informal discussion, Unsolicited proposals, top-down policies	In-house studies, User interaction, costs being scoped	Funded studies, work, statements, public discussions	Full public awareness, numerous documents, customers all knowledgeable
Information Analysis	Sketchy data, Separation of wheat from chaff, Largely oral information	More written documentation, Early planning concepts	Reconcile conflicting data, Determine driving concepts	Secure individual outlooks, Form best guess at financials
Marketing Activity	Prepare concepts, Sell "correct" perception of company, "Trade" information	Freebie studies, Influence concepts and directions	Develop concept, Sell approach, technology and evaluation criteria, Make program bid/no-bid	Full court press on all customers, Put team in place, Final concepts and technology

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Program Identification

- Small & Large Business/ Government & Commercial – will emphasize large business
- Finding Programs
  - Government Environment
  - Commercial Environment
- Information Sources
  - Government
  - Commercial
  - Other
- Marketing

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Finding Programs

- Government Environment
  - Competitive Set Asides
    - Small business
    - 8(a)
  - Open (Competitive)
    - Lots of programs here
    - Lots of competitors
    - Information is the life line
    - Hard to get the right, inside information
    - Most of the business falls here

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Finding Programs - Government Environment - cont

- Sole Source
  - Less viable
  - Lots of rules
  - Games are played
  - J&A required – not for 8(a)
  - Takes lots of work also
  - Final decision made by contracting officer
  - Should be announced – not until award often
  - Businesses like to get these but don't like it when others get them

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Finding Programs - Government Environment - cont

- Are Government personnel open to industry
  - Corroborate information
  - Face and name recognition
  - Will people talk – most don't
  - Organizational rules
  - Acquisition reform hasn't made this easier

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Finding Programs - Government Environment - cont

- Contracts/Lawyers
  - Legal environment
  - Usually provides the official information that may be out of date and may or may not be useful
  - High level and formal

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Finding Programs - Government Environment - cont

- Users
  - Commands
  - Units
  - Requirements versus programmatics
  - Important

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Finding Programs - Government Environment - cont

- Who else to talk to
  - Labs for new stuff
  - PM, IPTs leads, contracts for official words
  - Lead logistics person
  - Management and technical leads

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Finding Programs - Government Environment - cont

- Unsolicited proposals
  - Should be worked in advanced so it is considered
  - Must be unique to be successful
  - Can increase work of customers
  - Sometimes a way around competition
  - Can come from on high

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Finding Programs - Government Environment - cont

- Not understood by companies that only chase commercial jobs
  - Lots of rules they don't know what to do with
  - Things that aren't okay with government are okay in commercial
  - Accounting headaches though acquisition reform would like to change this
  - Catalog and certified pricing

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Finding Programs – Commercial

- Fewer rules
  - Don’t have to compete
  - Who you know
  - Collusion, graft, corruption
  - Government contractors don’t know the unwritten rules
  - Contracts doesn’t rule this world

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Finding Programs – Commercial - cont

- Very competitive for services and for those who don't understand it
  - Kickback and discounts and all those kinds of things
  - In service world they can be very competitive
  - Open and closed systems
  - Often the government contractors think they can make a quick killing here

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Finding Programs – Commercial - cont

- Not understood by companies that only chase government jobs
  - Lots of rules they don’t know what to do with
  - Things that aren’t okay with government are okay in commercial
  - Accounting headaches

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Finding Programs – Commercial - cont

- Doing both government and commercial work can be an accounting headache
  - Some charges unallowable from commercial
  - May have to segregate accounting
  - Affects accounting in many ways

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Information Sources - The Customer

Attributes	Requires
Usually are multiple individuals and agencies	Know the process Know the players Talk to everyone
Has individual motivation	Learning each individual's motivation Articulating the problem as each person sees it
Has individual biases	Must debunk (or enforce) preconceived bias about us Must understand biases toward competitors
Has operating constraints	Learn extent of authority Learn who shares authority What risks will they take Who will counteract their influence and why

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Classes of Marketing Intelligence

Analytical	Implicit
Rational	Irrational
Task data	Emotional
Economics	Personal goals
Organizational • Formal • Informal	Internal politics
Technology	Personal favors
Policies	Ego
Norms	Influence

The complete marketing picture can be fully understood only when all implicit information is also known

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Information Sources - Government

- Small business office
  - Upcoming programs
  - Long range information
  - Who is looking for what
  - Good information source
  - Provides timing, 8(a) status expiration
  - Supports becoming a qualified source
  - Who’s who and teaming information

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Information Sources – Government - cont

- Program Offices
  - Program details such as schedules, requirements, specs, budgets, etc
  - Who do they want to do their work
  - Who is the champion
  - Who are the incumbents
  - Cross check of other information
  - Who is in charge

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Information Sources – Government - cont

- Users
  - They may not reflect all the politics
  - They are the requirements people and the money people
  - They are very important – Acquisition Reform points to them being even more important
  - Cross check of requirements data

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Information Sources – Government - cont

- Contracts
  - Official word but it may be dated or less useful for competition
  - Wide variation in responses
  - Rules oriented answer
  - Must work with them – don't try to ignore them

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Information Sources – Government - cont

- Competition Advocate
  - Official word
  - Some wonder about the wisdom of this office
  - Not always very helpful
- Sources
  - FedBizOps
  - Command briefings – ACC, AFMC, AMC, etc
  - Industry days
  - Open Houses
  - Online – PIXS, HERBB, etc
  - Marketing – “humint”

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Information Sources

- Published Sources
  - Financial – D&B, annual reports, etc.
  - Brochures
  - Web Sites
  - Pronet, CCR, etc

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Information Sources – Other Companies

- Former employees
- Teaming
- What have they heard – rumor control – disinformation
- Who is bidding – ghosts
- Marketers
- Techies

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Information Sources – Your Own Company

- What other divisions are doing – not always easy to get
- Internal teaming
- Can be hard to do
- Alliances for bidding – deals – information in what is offered or not

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Information Sources – Commercial

- Buyers
- Marketing very important
- Techies
- Maybe fewer rules about conversations
- Teammates
- Former employees
- Personal relationships important

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Information Sources – Paper Trail

- Miller Heiman sheets – Program Information and Status
- Small versus large businesses
- Information not written down is worth the paper it is written on – even small business document their findings just not as formally

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Components of Program Development Plan

- Background
  - Program
  - Customers
  - Financial history
  - Relation to existing systems
  - Schedule and key events
  - Potential award sizes
- System description
- Technology
- Customer Issues
- Analysis of our capability
  - Strengths/weaknesses
  - Alternatives to remedy weaknesses
- Competitor Analysis
- Sales strategy
  - Approach
  - Teaming
  - Pricing
- Resources required to compete
  - Financial
  - Staff
  - Financial analysis
  - Capital
  - IR&D/B&P
  - ROI, Risks, bail out points
- Critical issues
- Action Items/schedules
- Customer contact plan

50 % of plan volume

Informal/Formal Intelligence Sources

Formal	**Bidder Lists** **Industry Days** **Electronic Bulletin Boards** **FedBizOps** **Service Organizations** **Service/Industry Information Centers** **Memos, News Announcements**	Government
Formal	**Library Sources** **Memos, News Announcements** **Professional Organizations** **Professional Symposia** **Market Research Companies** **Online Data Services – web site**	Private sector
Informal	**New Employees** **Former military or government** **Anyone with prior access**	Employees
Informal	**Peer Networks** **Professional Organizations** **Vendors** **Team members**	Competitors
Informal	**Social occasions** **Reviews** **Committees** **Reserve Officers** **Coaches**	Customers

Information Sources - Formal/Informal

- Often informal information is the most important – essential to have
- Ghosts – “gotchas”
- Contracts versus the engineer
- “Locker room” skinny
- Friends – champions
- Ethics???
- Bidders list

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Profiling Contacts

- Honesty
- Insiders
- More ethics issues
- Really informed
- Decision maker
- More Miller Heiman sheets
- Not all information is written down – some might be too sensitive

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Marketing

- FedBizOps has replaced CBD
  - Sources Sought gives some heads up for small businesses
  - Official source of announcing programs
  - E-way for disseminating information
  - GSA owner
  - URL - www.fedbizopps.gov
  - Once it is listed here it is too late for most large businesses

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Marketing - cont

- Electronic Bulletin Boards (PIXS, HERBB, etc.)
  - Timely
  - Official
  - Good sources
  - Real information versus summary information
  - Use them!

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Marketing - cont

- Existing Contracts
  - Get information from customers for other programs
  - Often good source of informal information
  - Find out how things are going on your program
  - You can get information while charging direct
  - New programs and ongoing programs

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Marketing - cont

- Customers
  - Satisfied/Unsatisfied
  - Why do they love/hate
  - What do they really want
  - Good informal source
  - Hot Buttons
  - Should question any information you get

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Marketing - cont

- Formal gatherings
  - Industry days
  - Shows
  - Conferences
  - Open house
  - Lunches, retirements, etc
  - Is it just “good old boy” info

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Marketing - cont

- Other companies
  - Teaming or just to find out something
  - Deals
  - Paybacks for information

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Marketing - cont

- How do you show Marketing ROI
  - Tough to quantify
  - Should always be asked
  - How do you know you are making good investments

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Marketing - cont

- Formal/Informal
  - Need to do both
  - Best information usually comes from informal sources
  - Informal info is often the “inside” info
  - Watch out for mis/dis-information

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Marketing - cont

- Customer Visits
  - Friendly/Unfriendly
  - Cold calls
  - Timing
  - How do you get invited back
  - Who should go on each visit
  - Information after RFP release

Marketing - cont

- Marketing Reps
  - Multi-reps
  - How can they be used
  - How they use you
  - What to watch out for

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Program Qualification

- Is it real
- Winnable – Why
- Teaming to win
- Is it worth it
- Internal Sales
- Gauging investments to make a profit

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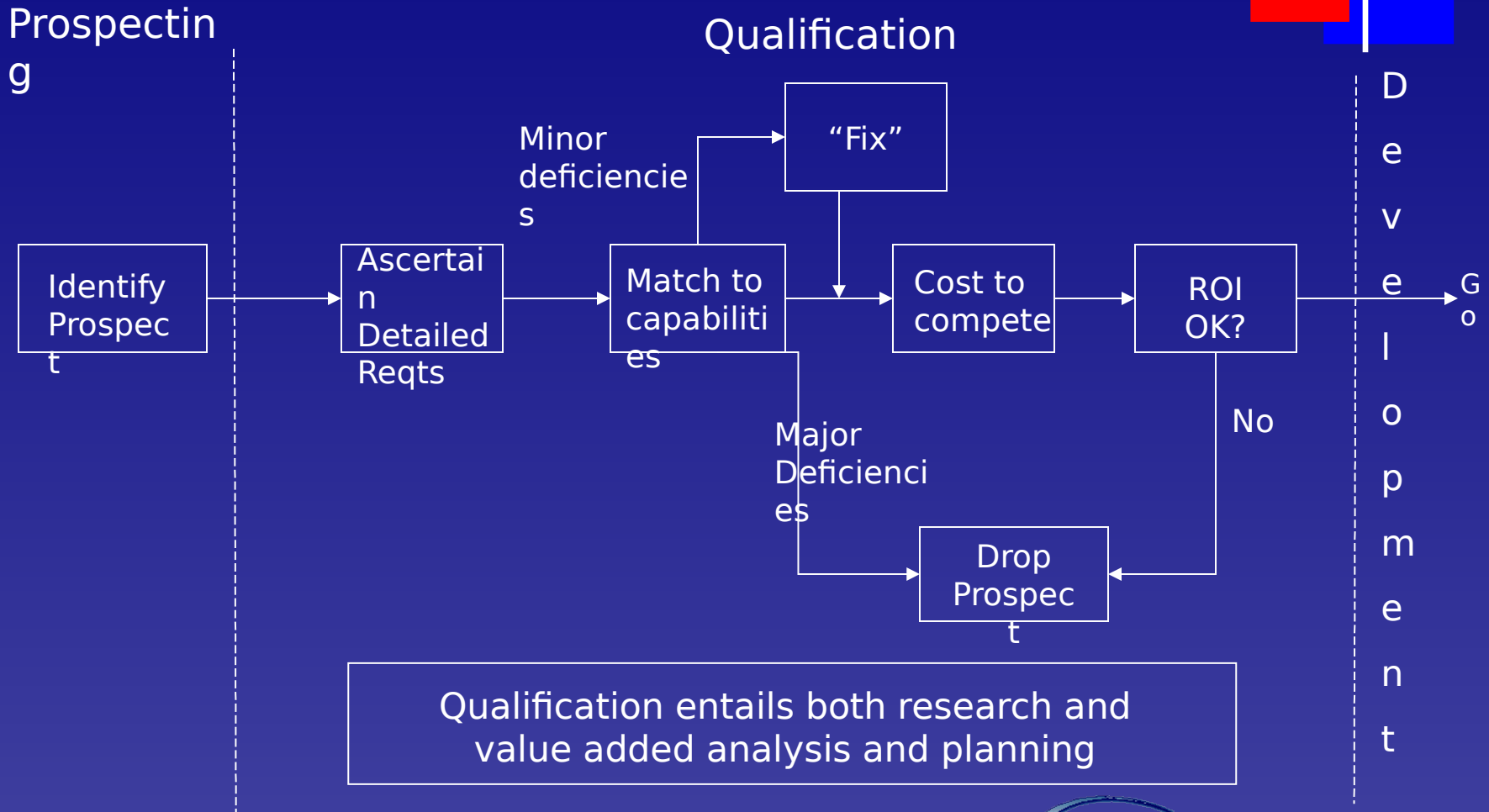
Program Qualification



Qualification entails both research and value added analysis and planning

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Measuring Capability and Prospect Desirability

			Desirability			Capability			
	Scale	Size - % of booking goal	Future potential	Customer	Probable return booking/cost	Image -customer view	Customer interfaces	Applications background	Price strategy
Must win	100 95 90	25+ 10	Multiple year contract Options Expected follow on	Bread and butter Targeted area	600 300	Skill, size, background unique One of two	Incumbent Strong visit at all levels	Unique knowledge Company strong	Strong leader Strategy in place
Probable Bids	85 80	2.5	Possible Follow on	Potential good	200	One of three		Holes fixed by team	Within cluster
Gray Zone	75 70	1.5	Expected recompetes	Possible list	150	In the pack	Even with others	People only, teaming	Competitive
Probable no-bids	65 60	.75			75	Dark horse			
Absolute losers	55 50	<.25	No follow on	New, untargeted	25	outsider	Few visits	Weak background	Severe problem

Is it real

- Funded
  - How much
  - What is government estimate – should cost
  - Real money or just forecasted – how safe is the money
  - How stable is the funding

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Is it real - cont

- Does it have a champion
  - Is there one
  - How strong is the champion
  - Where are they located
  - How influential
  - Are they in the acquisition strategy – is there one
  - Have we talked to the champion

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Is it real - cont

- ROI/ROC/Goals/Objectives
  - Does the program fit the company mold
  - What are the financial possibilities – are they consistent with the company goals
  - Is there an internal champion
  - Have we an internal sales strategy
  - Does it fit the Business Plan

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Winnable – Competitor Analysis

- Who will bid
  - Prime
  - Teammate
- Their discriminators
  - Price
  - Experience
  - Technology
  - Geography
  - Customer Relations
  - Size
- How committed are they
  - Contacts with customer
  - Frequency of visits
  - Customer perception
  - Personnel assigned
- What will be their win strategy
  - How will they respond to our effort
  - How should we react to them

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Winnable – Devising Competitor Strategies

Gain Market Awareness	• Primarily from customers and industry ▪ Who is competing ▪ Rank order of threat
Build Competitor Profile	• Tap existing data • Collect Intelligence ▪ Marketing ▪ Ex-employees ▪ Outside friends ▪ Freedom of information
Determine Competitor Strategy	• Form “black team” ▪ Ex-employees ▪ Game us versus them ▪ Prepare and brief plan ▪ Always look for the unexpected ▪ How badly do they want to win
Prepare Response	• Ghosts • Teaming • Sell alternate concept • Pricing • Customer Visits

Iterate until confident of solution

Winnable – Why?

- Win strategy - Can we win
  - Teaming
  - Do we have a solution
  - How complete is the solution
  - Do we need an insider? Do we have one?
  - Have we told the customer – what do they think – is it a solution they want – how do we know
  - What are our cost objectives – can we win with those costs – is someone going to buy in?
  - How many people in the customer organization have we talked to and what do they think
  - How do we stand out in the crowd - discriminators

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Winnable – Why? - cont

- Is it wired – for who
- Can we unseat the incumbent – why
  - What is the chink in their armor
  - What are the ghosts we can use
  - Who has said they aren't happy with them – why – how much influence do they have

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Teaming to win

- Negotiating with teammates
  - What do we get
  - How are the shares communicated – technology or percentages
  - Who is in charge – who will write the proposal
  - What are the guarantees
  - Personality conflicts
  - First impressions
  - Financial arrangements

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Teaming to Win - cont

- Business issues with teaming
  - D&B of potential teammates and your own company D&B
  - Small versus large businesses
  - Will we get paid
  - Are they a reputable company
  - Any past problems with them and our company – how undo the past problems
  - Have we talked to the customer about “the team” – what did they say

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Is it worth it

- Funds
  - Do we have the overhead/B&P to go after it – were they forecasted or is this a bit “out of the blue”
  - Will it slip
  - Do we need help to write the proposal – how much
  - Are there other better possibilities that we should use our money for
  - Profit and business base
  - Entry for follow-on business

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Is it worth it - cont

- Returns (ROI, ROC)
  - Local, division, and company goals
  - How have we calculated the returns
  - How much should we estimate in booking calculations
  - Follow-on versus new start
  - How long have we been chasing it
  - Does it meet monetary goals – Business Plan

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Is it worth it - cont

- Must win
  - Follow-on
  - Technology we want to protect
  - Keep local jobs
  - Is it part of our identity
  - Have we strongly stated the probability of win in bookings estimates
  - Losing could mean closing the doors

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Is it worth it - cont

- Teaming
  - Do we have to give too much away to be on the winning team
  - Is it with a small business – can we sell in internally
  - Is the teammate good enough
  - Teaming as a sub - will you get enough work to make this worth while
  - Were we directed to team or not to
  - Future payback – Quid Pro Quo

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Internal Sales

- Coalition building – coordination, selling, negotiation, and reporting
  - Must do this
  - Often easier to team outside company
  - For larger companies this is more work
  - Must sell at all levels – line management/tech staff may have divided loyalties
  - For teaming internal and for programs that you go alone

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Internal Sales - cont

- Resources available
  - People
  - Facilities
  - Tools
  - Indirect versus direct chase costs
  - Can you get help on a proposal without giving too much away
  - Do you need another part of the company to make the internal sale

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Internal Sales - cont

- Who needs to be convinced
  - Everyone who can say no – all the "brake people"
  - The person who eventually makes the decision
  - All the influencers
  - Can they be convinced on this program

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Internal Sales - cont

- Keep it sold
  - Constant – always someone looking for scarce resources
  - Always someone who won't understand or forgets
  - Slips can kill you

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Internal Sales - cont

- Internal communications system
  - Know it and use it
  - Both formal and informal
  - Find out who is against you

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Internal Sales - cont

- Impact on bookings and projected sales
  - Keep what you have estimated clear
  - Keep it honest – don’t overstate it
  - If it gets axed look hard for another
  - Never ending to keep the coffers filled

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Summary/Conclusion

- Gathering up programs to feed the bookings needs of your organization.
- Finding program possibilities (**program identification**) and qualifying (**program qualification**) them for pursuing/bidding.
- Gauging investments to make a profit

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